

## Message Text

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11

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 IO-04 AGR-05 SWF-01 AID-05 CEA-01

CIAE-00 COME-00 EB-04 FRB-01 INR-05 NSAE-00 RSC-01

CIEP-01 SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01

OMB-01 PA-01 PRS-01 USIA-06 NSC-05 SS-15 /082 W

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R 231732Z OCT 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7668

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION/GENEVA 6389

USMISSION OECD

AMEMBASSY CANBERRA

UNCLAS EC BRUSSELS 8274

PASS AGRICULTURE

E. O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS MEETING OCT. 21-  
22 FINAL REPORT

REF: (A) EC BRUSSELS 8188; (B) EC BRUSSELS 8127

1. BEGIN SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS,  
MEETING IN LUXEMBOURG ON OCTOBER 21-22, AGREED TO TWO PARTS OF  
A SUGAR PACKAGE: NEW EC PRODUCTION QUOTAS AND AN IMPORT SUBSI-  
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DIZATION SCHEME FOR 200,000 METRIC TONS OF SUGAR. LARDINOIS

ANNOUNCED SECRETARY BUTZ' VISIT TO BRUSSELS NOVEMBER 4, 1974.  
END SUMMARY.

2. THE EC COUNCIL OF AGRICULTURAL MINISTERS ADJOURNED OCTOBER 22, 1974 WITH AN AGREEMENT ON TWO MAJOR ASPECTS OF AN EC SUGAR POLICY; IMPORT SUBSIDIES AND NEW PRODUCTION QUOTAS.

3. THE NEW BASE "A" QUOTAS DECIDED ON BY THE COUNCIL FOR EC SUGAR PRODUCTION ARE HIGHER THAN THOSE PREVIOUSLY PROPOSED BY THE COMMISSION PER MEMBER STATES' REQUESTS AND ARE FIXED FOR THE NEXT FIVE YEARS, 1975/76 THROUGH 1979/80, AS FOLLOWS, WITH OLD QUOTAS IN PARENTHESES:

1,000 MT

BLEU	680	(550)
DENMARK	328	(290)
GERMANY	1,990	(1,750)
FRANCE	2,996	(2,400)
IRELAND	182	(150)
ITALY	1,230	(1,230)
NETHERLANDS	690	(550)
UK	1,040	(900)
TOTAL	9,136	(7,820)

4. THE "B" QUOTAS WERE FIXED AT 45 PERCENT OF THE BASE QUOTAS FOR 1975/76 AND WILL BE REVIEWED ANNUALLY. THE TOTAL OF "A" AND "B" QUOTAS IS 13,247,200 METRIC TONS. MINISTER BONNET EXPRESSED THE FRENCH VIEW THAT BY SETTING THESE QUOTA LEVELS THE COUNCIL AFFIRMED THE PRINCIPLE OF EC SELF- SUFFICIENCY FOR SUGAR. COMMENT: WE INTERPRET BONNET'S STATEMENT TO MEAN THAT THE COUNCIL HAS ACCEPTED THE FRENCH VIEW THAT CAP PRODUCTION QUOTA ARRANGEMENTS FOR SUGAR SHOULD ENABLE THE COMMUNITY TO OFFSET  
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IMPORTS FROM DEVELOPING COUNTRIES (ACP COUNTRIES AND INDIA) BY AN AT LEAST EQUIVALENT QUANTITY OF EXPORTS.

5. THE EC SUBSIDIZATION SCHEME FOR SUGAR IMPORTS WILL FOLLOW THE LINES OF THE COMMISSION PROPOSAL (REF.B) BUT WILL COVER 200,000 METRIC TONS IN ITS FIRST STAGE. THE COUNCIL WILL DECIDE ON FUTURE STAGES IN LIGHT OF THE EXPERIENCES WITH THIS FIRST STGE. IMPORT SUBSIDIES WILL BE GRANTED DURING THE 1974/75

SEASON ( PRESUMABLY BEGINNING JANUARY 1, 1975, WHEN THE COMMON" WEALTH SUGAR AGREEMENT EXPIRES). THE SUBSIDIES WILL BE PAID FOR OUT OF THE FEOGA BUDGET FOR 1975. ALTHOUGH THE COMMON PROPOSALS AND AGREED COUNCIL PLAN REFER TO THE WHOLE COMMUNITY, THE UK IS WIDELY REGARDED TO BE THE PRIMARY BENEFICIARY DESPITE ITALY'S DEFICIT.

6. UK MINISTER PEART WAS DETERMINED TO GET COUNCIL AGREEMENT ON EC SUBSIDIZATION FOR SUGAR IMPORTS AND TOLD HIS COUNCIL PARTNERS THAT HE WOULD NEGOTIATE WITH AUSTRALIA TO ASSURE THE UK SECURITY OF SUPPLIES IF NO EC AGREEMENT WAS FORTHCOMING. THE GERMANS WERE CONCERNED ABOUT THE COSTS OF AN OPEN-ENDED SUBSIDY PROGRAM AS ORIGINALLY PROPOSED BY THE COMMISSION AND WANTED TO PLACE A CEILING ON EXPENDITURES. THE FIRST STAGE PROVISION OF 200,000 METRIC TONS WAS A COMPROMISE, GIVING THE GERMANS THE ASSURANCE THAT THE SCHEME COULD BE CONTROLLED THROUGH A LIMITATION ON THE QUANTITY OF SUGAR INVOLVED WHILE ALLOWING THE BRITISH TO SAY THERE IS NO SPECIFIED LIMIT ON THE COST OF SUBSIDIZING 200,000 TONS. PEART INSISTED THAT SUGAR SUBSIDIZATION SHOULD HAVE NO LESS A CLAIM ON FEOGA FUNDS THAN ANY OTHER SUPPORT MEASURE. HE SAID THE FEOGA BUDGET COULD BE SUPPLEMENTED IF COSTS INCREASED. THE COMMISSION REPORTEDLY BELIEVES THAT A SUPPLEMENTARY BUDGET WILL NOT BE NECESSARY TO FINANCE THE SUGAR IMPORT SUBSIDIES BECAUSE OF AN ANTICIPATED REDUCTION IN FEOGA EXPENDITURES IN THE GRAIN, PORK AND POULTRY SECTORS.

7. ON THE QUESTION OF WHAT THIS IMPORT SCHEME MEANS FOR AUSTRALIA, LARDINOIS STATED IT IS UP TO THE TRADE TO DECIDE WHERE SUPPLIES WILL BE GOTTEN.

8. MINISTER PEART DENIED THAT THE UK HAD BEGUN FORMAL NEGOTIATIONS ON A LONG-TERM AGREEMENT WITH AUSTRALIA. DISCUSSIONS HAVE ONLY TAKEN PLACE BETWEEN THE TRADE, HE SAID. PEART ALSO STATED THAT HE UNCLASSIFIED

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COULD FORESEE THE NEED FOR IMPORT SUBSIDIES FOR THE 1975/76 SEASON.

9. THE ITALIAN GREEN LIRA HAS BEEN DEVALUED ANOTHER 4 PERCENT EFFECTIVE OCTOBER 28, 1974. THE NEW CONVERSION RATE IS 1 U.A. EQUALS 833 LIRA.

10. THE COMMISSION ANNOUNCED THAT ITALY'S REMAINING IMPORT DEPOSIT REQUIREMENTS FOR AGRICULTURAL PRODUCTS WILL BE LIFTED BY OCTOBER 23, EXCEPT FOR THOSE ON COFFEE, TEA, SPICES, VINS MOUSSEUX, AND CONFECTIONARY.

11. IN A PRESS CONFERENCE AFTER THE COUNCIL MEETING, LARDINOIS MENTIONED THAT THE COMMISSION REPORTED TO THE COUNCIL ON THE WORLD GRAIN SITUATION. (WE ARE REPORTING THIS BY SEPTTEL.) HE

ALSO STATED THAT HE WAS IN CONSTANT TOUCH WITH THE AMERICANS  
ON GRAINS AND SOYBEANS. HE ANNOUNCED SECRETARY BUTZ' VISIT TO  
BRUSSELS NOVEMBER 4, 1974. LARDINOIS SAID HE LOOKED FORWARD TO  
THE JOINT PRESS CONFERENCE WITH SECRETARY BUTZ WHERE TOGETHER THEY

WOULD GIVE DETAILS ON THE US AND EC POSITIONS FOR THE WORLD  
FOOD CONFERENCE.  
GREENWALD

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